

ABO MOATI

Audit Committee Report Submitted to the Ordinary General Assembly For the fiscal year ending March 31, 2021

M.s/ Shareholders of Abdullah Saad Abo Moati Stationery,
Peace and mercy of Allah and his blessings may be upon you,

The Audit Committee is pleased to present to the company's shareholders a report that includes the most prominent works and activities carried out by the Committee, which are within its competence and role in evaluating the internal control systems and its most important activities for the fiscal year ending on 3/31/2021 AD, in implementation of the provisions of Article (104) of the Companies Law Issued by the Ministry of Commerce and Investment and Article (91) of the Companies Regulations issued by the Board of the Capital Market Authority.

➤ Composition of the Audit Committee:

The Audit Committee was formed by a decision of the company's general assembly. The committee, as of 31/3/2021 AD, consists of non-executive board members and independent members, as follows:

- First: Mr. Abdullah Al-Rashoud - Chairman of the Committee (independent)
Second: Professor Fares Al-Sharif - Member (independent from outside the Council)
Third: Mr. Ahmed Al-Ajla - Member (independent from outside the Council).

➤ Missions of the Committee:

The following are the most prominent works and activities carried out by the committee:

1. Audit the quarterly and annual financial statements, ensuring compliance with accounting regulations and policies in accordance with international standards, and making recommendations to the Board of Directors for approval.
2. Review the "Management letter" received from the external auditor, which includes his comments on the internal control systems.
3. Recommend to the Board of Directors to appoint the auditor, determine his fees, evaluate his performance, verify his independence, review his work plan and discuss it to ensure that he is able to perform his work and that information is not withheld from him.
4. Review and approve the internal audit plan and following up on the implementation of the corrective actions and the notes contained therein.
5. Study the impact of the COVID-19 pandemic on the financial statements of potential events and the extent of the response to them.
6. Study the company's debts, the provision for doubtful debts, and proposals regarding them, and submit them to the Board of Directors.
7. Assess the company's risks, the process required to confront them, and the most important recommendations and decisions to be implemented.
8. Ensure the integrity of the financial reports and their fulfillment of the requirements in accordance with the generally accepted accounting standards, and then submit their recommendations to the Board of Directors.



9. Follow up the mechanism for reporting violations of the company's practices and ensure compliance with them.

10. Study and review the internal policies and procedures that cover the various administrative, financial, and operational aspects and the company's internal control systems and ensure compliance with them.

➤ **Committee Meetings:**

The Committee held (5) five meetings during the fiscal year ending on March 31, 2021 AD.

➤ **Committee Opinion:**

The audits process carried out by the Internal Audit Department and the External Auditors of the effectiveness and procedures of internal control did not result in a fundamental weakness in the company's internal control system, and based on those missions carried out by the Audit Committee, it confirms with a reasonable degree of certainty the effectiveness and efficiency of the internal control system procedures.

In conclusion, on my own and on behalf of my fellow committee members, we can only thank the Honorable Board of Directors for the trust they have placed in the Audit Committee and the team based on the work of the Committee, and we ask God Almighty to help us and you to advance the company and achieve further progress and success.

Yours faithfully,

Head of the Audit Committee

Abdullah Al-Rashoud